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Central
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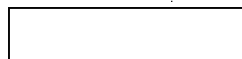
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Special Analysis



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IRAQ-IRAN: Possible Spread of War

Iraq, coping with an increasingly desperate economic situation, is more seriously considering attacks on oil tankers serving Iran. [redacted]

[redacted] a group of retired senior Iraqi military officers are advising President Saddam Husayn to attack tankers transporting Iranian oil from Khark Island. They recommend using the five French-supplied Super Etendard aircraft armed with Exocet antiship missiles that could be available by late fall. The Iraqis reportedly hope that such attacks would prompt the US and USSR to become involved and ultimately lead to a cease-fire and reopening of the Persian Gulf to Iraqi oil exports. [redacted]

Comment: Iraq has been reluctant to broaden the war, but it will be more willing to do so as other actions fail to alleviate its severe financial difficulties. Iraq will incur a current account deficit this year totaling an estimated \$15 billion. The additional aid the Arab states may provide in response to the Iraqi threats probably will not be enough to meet Baghdad's needs. [redacted]

With Tehran certain to continue preventing oil exports from Iraq's Persian Gulf terminals, Baghdad's only hope of increasing its oil revenues substantially is a decision by Syria to reopen the pipeline from Iraq to the Mediterranean. Damascus, however, has so far ignored Saudi and even Soviet requests that the pipeline be reopened. Iraqi leaders thus are likely to conclude that they have no choice but to attack oil tankers. [redacted]

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